

## Message Text

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ACTION EB-06

INFO OCT-01 ARA-06 EUR-08 EA-06 NEA-06 IO-04 ISO-00 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-01 INR-05

INT-05 L-02 LAB-01 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAЕ-00 OMB-01 SWF-01 OIC-01 AF-04 /104 W

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R 231250Z OCT 74

FM USMISSION GENEVA

TO SECSTATE WASHDC 8840

INFO AMEMBASSY BELGRADE

AMEMBASSY BONN

AMEMBASSY CANBERRA

AMCONGEN HONG KONG

AMEMBASSY ISLAMAD

AMEMBASSY LONDON

AMEMBASSY MEXICO

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY SEOUL

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

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E.O. 111652: N/A

TAGS: ETRD, GATT

SUBJ: TEXTILES SURVEILLANCE BODY: KOREA/AUSTRALIA DISPUTE

REF: GENEVA 6411

1. AS REPORTED PARAS 3, 5 AND 6 REFTEL, TSB REACHED CONSENSUS

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ON INFORMAL RECOMMENDATION TO PARTIES TO RESUME NEGOTIATIONS

WHICH WAS CONVEYED KOREAN AND AUSTRALIAN DELS BY CHAIRMAN WURTH AFTERNOON OCTOBER 17 (KOREAN DEL, HAVING NECESSARY AUTHORITY, ACCEPTED IMMEDIATELY). TSB CHAIRMAN, HOWEVER, IN MAKING PRESENTATION TO AUSDEL APPARENTLY PRESSED AUSDEL TO AGREE TO RESUME NEGOTIATIONS GENEVA IMMEDIATELY. AUSDEL RESPONDED THAT THEY WOULD CONSIDER CHAIRMAN'S PROPOSAL AND REPORT BACK TO HIM LATER.

2. AS US REP, AT PRIVATE REQUEST BOTH PARTIES, HAD BEEN PRIVATELY PROVIDING "GOOD OFFICES" AND ACTING AS GO-BETWEEN THROUGHOUT HEARING, HE WAS APPROACHED BY AUSDEL EVENING OCTOBER 17 WITH ACCOUNT CHAIRMAN'S INFORMAL RECOMMENDATIONS TO THEM. SAID THEY HAD AUTHORITY AGREE RESUME NEGOTIATIONS BUT FACT THAT IF THEY REPORTED "TSB INSISTENCE ON RESUMPTION NEGOTIATIONS HERE AND NOW" CANBERRA WOULD BE CERTAIN "RESENT AND REJECT" DRUMHEAD COURT-MARTIAL NATURE OF CHAIRMAN'S RECOMMENDATIONS. INQUIRED AS TO WHETHER SUCH WAS INTENT OF TSB.

3. US REP REPLIED THAT, IN HIS UNDERSTANDING, SUCH HAD NOT BEEN INTENT TSB AND AGREED CONSULT CHAIRMAN PROMPTLY. MORNING OCTOBER 18 US REP MET WITH CHAIRMAN TO QUESTION CHAIRMAN'S ALLEGED INSISTENCE THAT PARTIES RESUME NEGOTIATIONS IMMEDIATELY IN GENEVA. CHAIRMAN ASSERTED THAT AUSDEL HAD APPARENTLY MISUNDER-STOOD AS ALL HE PRESSED FOR WAS "SOME CONTACT HERE BETWEEN REPS BOTH PARTIES TO SET RESUMPTION NEGOTIATIONS IN TRAIN". AFTER THIS MEETING US REP MET AGAIN WITH AUSDEL AND OBTAINED AGREEMENT THEY CONTACT KOREAN DEL (DR. KIM) TO INFORM HIM THEY AGREEABLE TO RESUME NEGOTIATIONS WITHIN TWO WEEKS. KOREAN DEL (DR. KIM) HAD WANTED TO RESUME HERE IN GENEVA AND WAS PROBABLY SOURCE INSPIRATION CHAIRMAN'S PRESENTATION TO AUSDEL. AFTER CONSULTING OTHER COLLEAGUES ON TSB, US REP INFORMED CHAIRMAN OF AUSDEL'S AGREEMENT AND SUGGESTED HE INFORM DR. KIM TO EXPECT APPROACH FROM AUSDEL WITH THAT PROPOSAL. CONTACT WAS MADE BETWEEN PARTIES AFTERNOON OCTOBER 18 AND AGREEMENT REACHED RESUME NEGOTIATIONS WITHIN TWO WEEKS AT PLACE AND TIME TO BE MUTUALLY AGREED. WITH DR. KIM DEPARTING FOR SEOUL OVER WEEKEND AND CHAIRMAN WURTH ALSO DEPARTING GENEVA FOR SEMINAR IN NIGERIA AFTERNOON OCTOBER 18, US REP

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CONCLUDED THAT PROBLEM WAS RESOLVED.

4. HOWEVER, AFTERNOON OCTOBER 21, US REP RECEIVED CALL FROM SALIB (SECRETARIAT) ASKING REP'S VIEW ON SETTING UP SPECIAL MEETING TSB UPON CHAIRMAN'S RETURN LATER THIS WEEK "TO DRAFT FORMAL RECOMMENDATIONS". US REP QUESTIONED NEED FOR THIS SINCE TSB OBJECTIVE OF "CONCILIATION" HAD BEEN ACHIEVED. POINTED OUT THAT, IN HIS VIEW, IT WAS CLEAR INTENT OF TSB THAT

WORDING RECOMMENDATION CONVEYED BY CHAIRMAN TO PARTIES  
WAS BASED ON ASSUMPTION THAT RECOMMENDATION WAS  
"INFORMAL". PROBLEM HERE AROSE IN FIRST SENTENCE  
INFORMAL RECOMMENDATION WHEN TSB FOUND "THAT EVIDENCE  
AVAILABLE TO PARTIES AT TIME NEGOTIATIONS BROKEN OFF WAS  
INADQUATE TO SUPPORT CLAIM MARKET DISRUPTION". SALIB,  
PRESUMABLY ON WURTH'S INSTRUCTION, WISHED INCLUDE THIS  
LANGUAGE IN FORMAL RECOMMENDATION BY TSB TO PARTIES  
AND REPORT TO TEXTILES COMMITTEE.

5. LATER DEVELOPED THAT AUSDEL HAD MET WITH SALIB MORNING  
OCTOBER 21 AND HAD BEEN INFORMED THAT FORMAL RECOMMENDATION  
WOULD BE FORTHCOMING AND WOULD INCLUDE WORDING MENTIONED PARA  
4 ABOVE. AUSDEL SUBSEQUENTLY INFORMED SALIB THAT THEIR  
ACCEPTANCE TSB RECOMMENDATION RESUME NEGOTIATIONS HAD BEEN  
BASED ON FACT THAT TSB PROPOSAL WAS INFORMAL AND ARGUED THAT  
FORMAL STATEMENT ON NON-EXISTENCE ADEQUATE EVIDENCE MARKET  
DISRUPTION WOULD IMPAIR THEIR POSITION IN RESUMPTION  
NEGOTIATIONS, PARTICULARLY AS REGARDED BASE LEVELS, ESPECIALLY  
IN VIEW FACT (ACCORDING AUSDEL) KOREAN EXPORTS ITEMS IN  
QUESTION HAD BEEN "POURING INTO AUSTRALIA" SINCE DATE IT BECAME  
KNOWN KOREA WAS DISPUTING RESTRAINT.

6. AFTERNOON OCTOBER 21, AUSDEL CALLED ON PATTERSON TO  
PROTEST FORMULATION FORMAL RECOMMENDATION AS PROPOSED  
BY SALIB. INFORMED PATTERSON THEY UNDERSTOOD FROM US  
REP THAT SUCH HAD NOT BEEN INTENT OF TSB. PATTERSON  
AGREED AUSDEL VIEW WAS PROPER ONE AND SAID WOULD SPEAK  
TO SALIB. US REP WAS UNAWARE AUSDEL CONTACT WITH PATTERSON  
UNTIL EVENING OCTOBER 21 WHEN AUSDEL ASKED FOR MEETING WITH  
US REP MORNING OCTOBER 22. BEFORE MEETING AUSDEL  
OTOVER 22 US REP CONSULTED WITH PATTERSON WHO SAID HE HAD  
DISCUSSED MATTER WITH LONG AND BOTH AGREED THAT TSB HAD  
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ACHIEVED OBJECTIVE AND THAT IN THEIR VIEW THERE WAS NO NEED  
FOR FURTHER FORMAL RECOMMENDATIONS UNLESS THAT WAS WILL OF  
TSB. PATTERSON SAID HE HAD SUBSEQUENTLY MADE POINT  
"FORCEFULLY" WITH SALIB. AFTERNOON OCTOBER 22, AFTER SECRETARIAT  
CONSULTATION WITH TSB REPS, IT WAS AGREED THAT THERE WILL BE  
NO SPECIAL MEETING OF TSB AND NO SPECIAL FORMAL RECOMMENDATION.  
SUMMARY OF NINTH SESSION MEETING WILL CONTAIN REFERENCE TO TSB  
EXAMINATION OF ISSUE AND FINDING OF GROUNDS FOR RESUMPTION OF  
BILATERAL NEGOTIATIONS.

7. CENTRAL CONCLUSION EMERGING FROM NINTH SESSION IS THAT  
EXPORTING COUNTRIES RESTRAINING UNDER ARTICLE 3 MAY EXPECT  
ROUGH TREATMENT IN TSB WHEN EVIDENCE OF MARKET DISRUPTION  
(AS DEFINED IN ANNEX A) IS WEAK. TSB REPS FROM DEVELOPING EXPORTING  
COUNTRIES HAD DONE HOMEWORK WELL AND BOTH AUSTRALIAN AND CANADIAN

REPS WERE "PUT THROUGH THE MILL". CANADIAN SINGAPORE ARTICLE 3 BILATERAL WAS FOUND TO LACK ADEQUATE EVIDENCE MARKET DISRUPTION UNDER ARTICLE 3 AND CANADIANS ARE EXPECTED TO RENOTIFY UNDER EITHER ARTICLE 2 OR 4. BOTH AUSTRALIANS AND CANADIANS WERE OBVIOUSLY SHOCKED BY DEPTH OF QUESTIONING AND AUSTRALIANS PARTICULARLY BY FACT TSB REFUSED ACCEPT UNSUBSTANTIATED FINDINGS OF AUSTRALIS'S TEXTILES AUTHORITY AT FACE VALUE. THIS DESPITE FACT THAT AUSTRALIA'S EFFORT AT DOCUMENTATION WAS MOST COMPREHENSIVE EVER SEEN BY US REP.

8. TSB HAS THUS CLEARED HURDLE OF FIRST CASE ALTHOUGH THERE IS NO ASSURANCE THAT CONCILIATION ACHIEVED WILL LAST LONGER THAN FIRST RENEGOTIATION SESSION BETWEEN KOREANS AND AUSTRALIANS. US REP'S EXPECTATION IS THAT AUSTRALIA WILL PAY SOMETHING (BUT NOT TOO MUCH) TO AVOID SECOND APPEARANCE BEFORE TSB IN THIS CASE AND IN THE CASE OF THEIR BILATERALS WITH HONG KONG AND INDIA WHICH WILL BE UP FOR TSB REVIEW AT NEXT SESSION NOVEMBER 14. KOREANS APPEARED BY IMPRESSED BY ADDITIONAL EVIDENCE SUPPLIED TSB BY AUSTRALIANS AFTER BREAKOFF NEGOTIATIONS AND HOPEFULLY, SHOULD KEEP DEMANDS TO A REASONABLE LEVEL WHICH AUSTRALIANS CAN MEET. ABRAMS

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## Message Attributes

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